THE GLOBAL DEVELOPMENT ALLIANCE

PUBLIC-PRIVATE ALLIANCES FOR TRANSFORMATIONAL DEVELOPMENT

U.S. Agency for International Development
Office of Global Development Alliances

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A WORD ON PARTNERSHIP FROM THE PRESIDENT OF THE UNITED STATES

We agree on the need for partnerships across borders and among both the public and private sectors. We must call upon the compassion, energy, and generosity of people everywhere. This means that not only governments can help, but also private corporations, foundations, faith-based groups, and nongovernmental organizations as well.

—President George W. Bush

PREFACE

In May 2001, my predecessor Secretary Powell launched the Global Development Alliance as a new business model for the U.S. Agency for International Development. Public-private alliances multiply the impact of official U.S. development assistance abroad. USAID made significant progress in this area and we must build on the established foundation.

The alliance stories in this document are a small but representative sample demonstrating the actions of committed individuals and organizations across all spheres of action—reducing poverty and encouraging democratization, economic reform, civil society, and opportunity for all through education.

I hope that potential partners will read this report with great interest. It should be seen as a celebration of those individuals and groups that have already come together to form alliances furthering international development, as well as an invitation to others to join in future partnerships.

—Secretary of State Condoleezza Rice

FOREWORD

Since 2001, the U.S. Agency for International Development (USAID) has multiplied the impact of foreign aid by welcoming businesses, foundations, nonprofit organizations, and others as partners in the vital project of improving the lives of the world's poor. The ongoing transformation—under the banner of the Global Development Alliance (GDA), one of USAID's principal business models—already has shown impressive results.

In recent years the composition of flows of financial resources into the developing countries has changed in a fundamental way. In 1970, the U.S. government was the largest source of funds for developing countries. Two decades later, most international resource flows to developing countries still came from governments. Today, about 80 percent of U.S. funds moving into the developing world come from the private sector: businesses, nongovernmental organizations (NGOs), universities, foundations, churches, private charities, and migrant and diaspora communities.

I established the Office of Global Development Alliances to respond to that change. It has allowed USAID to work more closely with new development alliance partners both in the NGO sector and more broadly with companies, foundations, and others. Among the improvements that USAID has made to promote alliance formation are procurement reform, which creates the flexibility to build alliances; new policies to provide clarification on competition, conflict of interest, and other legal concerns; and organizational change. In December 2005, I made the decision to convert the GDA Secretariat into a permanent office within USAID, now called the Office of Global Development Alliances.

GDA draws on some of our country's greatest strengths—among them flexibility and generosity. Acting through membership organizations, employers, and on their own behalf, Americans give of their time, money, and expertise at rates unmatched anywhere in the world, placing our country at the vanguard of the international trend in voluntary, nongovernmental action for development.

"I have often admired the extreme skill [Americans] show in proposing a common object for the exertions of very many and in inducing them voluntarily to pursue it," observed Alexis de Tocqueville in *Democracy in America*. "If they want to proclaim a truth or propagate some feeling by the encouragement of a great example, they form an association." Or, in this case, an alliance.

The GDA business model builds on these strengths by connecting the development expertise of USAID with the humanitarian instincts of American communities, the vitality of the voluntary organizations they form to put their beliefs into action, and the development potential of the global supply chains that connect consumers and producers all over the globe.

Through the GDA model, we believe USAID is blazing a new trail in foreign aid. In this USAID is not alone. In their use of the partnership model, other bilateral and multilateral donors have chosen a course parallel to USAID's—among them Britain's Department for International Development, Germany's GTZ, and the Inter-American Development Bank, through its Multi-

lateral Investment Fund. The Swedish, French, Spanish, and Japanese development agencies, too, have expressed interest in GDA's work in public–private alliance building.

Thanks to GDA, the number and diversity of the agency's alliance partners have expanded significantly in recent years, fulfilling one of the goals in creating GDA. Many new partners in the for-profit sector have been pleasantly surprised at the tangible and intangible benefits that alliance with USAID brings to their business. I recall a GDA workshop in which a representative of Procter and Gamble remarked that 15 years ago she would have asked herself, "Why work with USAID?" With alliance activities spanning coffee, water filtration, and nutrition-fortified drinks, all designed to advance public health and individual livelihoods while serving vast new markets in the developing world, she now wonders how Procter and Gamble could *not* work with USAID.

If your organization operates in the developing world or has identified it as an area of potential interest, you probably have ideas about how your activities could contribute to, and benefit from, complementary activities by other organizations. We want to hear those ideas.

We have learned much in the years since we introduced GDA—from our partners and from within the agency. We still have much to learn, and much to share. In the years to come, we will report in greater detail the outcomes of the alliance approach. In the meantime, we are, in the words of former Secretary of State Dean Acheson, present at the creation of a new era of global development.

I believe that 10 years from now a strong alliance-building component will remain a central part of USAID and of the development community at large. I will consider that a success.

—USAID Administrator Andrew S. Natsios

WELCOME

One of four key pillars for the U.S. Agency for International Development (USAID), the Global Development Alliance (GDA) links U.S. foreign assistance with the resources, expertise, and creativity of the private firms and nongovernmental organizations (NGOs) that provide a growing share of finance, human capital, and other resources for global development.

The GDA approach enables alliance partners—corporations, foundations, and NGOs—to bring their strongest assets to bear to address *jointly defined* development challenges, thereby achieving together a solution that would not be possible for any individual partner. This multi-stakeholder approach represents a shift in the way USAID executes its foreign assistance mandate. For its entire history, USAID has acted either as a direct donor or through a client-vendor relationship with organizations that carry out projects defined by USAID. With the advent of GDA, however, USAID welcomes companies and NGOs as equals in the development project.

Thanks to the GDA, USAID is able to form alliances quickly as needs emerge. Since the devastating tsunami of December 2004, for example, the agency has formed 18 alliances with the private sector in affected countries, leveraging more than $17 million in private sector funds from partners including Mars, Inc., Chevron Corporation, Microsoft, The Coca-Cola Company, Prudential, Deutsche Bank, IBM, 3M, and ConocoPhillips.

This report has two purposes. The first is to introduce GDA to businesses and nonprofits interested in improving the lives of people in the developing world by coordinating their activities with other actors pursuing complementary goals. The second is to present some of the bold and innovative public–private alliances formed under the GDA standard.

It is too soon to say whether GDA or the alliance approach will fully realize its promise. The initiative is young. But each of the 22 alliances profiled here, a small sample of the nearly 300 alliances active today, represents a creative way of harnessing the fundamental forces now shaping the development landscape—the spread of globalization, the rise of private giving, and the need for cooperative solutions to the most significant development problems. The GDA has already exceeded expectations, had an important impact on development thinking, and generated promising early results through the application of nearly $5 billion in combined public–private funds. Moreover, the commitment of USAID professionals in the field attests to the fact that the agency sees alliance-building as a valuable approach to accomplishing our goals.

In December 2005, after close consultation with senior staff in Washington and mission directors overseas, Administrator Natsios converted the GDA Secretariat into an independent office, reflecting significant advances in mainstreaming the GDA business model within the agency. The former secretariat is now known as the Office of Global Development Alliances. It will assist missions and offices in Washington in their efforts to reach out to the private sector, to mainstream the public–private alliance model, and to manage relationships with private sector partners. The GDA team is honored to serve USAID and our alliance partners, present and future.

—Daniel F. Runde, Director, Office of Global Development Alliances,
U.S. Agency for International Development